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SUBJECT: Shenzhen Airlines to Buy 100 Boeing Aircraft

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[1](#)1. (SBU) Summary: Shenzhen Airlines will soon announce a deal to buy 100 Boeing Aircraft -- the largest Boeing order for a Chinese airline -- according to senior executives. The carrier claims it is China's most profitable airline. It opened a pilot training school this year, which will graduate its first students in 2008. End summary.

Buying Boeings

[1](#)2. (SBU) Shenzhen Airlines has just signed a contract to buy 100 Boeing aircraft, which is the largest Boeing order from China's civil aviation industry, according to Shenzhen Airlines President Li Kun. Li told Congenoffs on October 12, 2007, that the airline would announce the deal at an appropriate time in the near future. He explained that the airline was purchasing short and mid-range aircraft, not aircraft suitable for intercontinental travel. Currently, the company has over 40 Boeing planes and about 12 Airbus aircrafts. In 2006, they took delivery of 12 planes -- a record for the carrier. Li said the firm plans to increase its fleet to 100 aircraft by 2008 and 600 aircraft by 2015.

China's Most Profitable Airline

[1](#)3. (SBU) Shenzhen Airlines is China's most profitable carrier, explained Liu Hang, the firm's Deputy Party Secretary. Citing data from Citibank, Liu said the company's pre-tax earnings were 25.14 percent of total revenue -- the highest among China's airlines and higher than many foreign carriers, including Lufthansa, British Airways and Southwest. Shenzhen Airlines' total revenue was RMB 6.07 billion (about US\$800 million) in 2006. Liu said its revenue goal for 2007 is RMB 10 billion (US\$1.3 billion), an increase of more than 60 percent.

Pilot Training

[1](#)4. (SBU) Liu also briefed Congenoffs on the firm's new pilot training school. He explained that pilot shortage was a problem facing the entire aviation industry in China, but Shenzhen Airlines

was of one of only a few airlines in China to open its own pilot training school. According to Liu, the school enrolled its first students this year and currently has 120 students who will graduate in 2008. He said the school planned to admit 240 students next year.

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